

UK All Commercial Property Capital Values Increase For The First Time This Year

1 year ago



Commercial property capital values posted the first month-on-month increase of 2024, rising by 0.2% in May, according to the latest [CBRE](#) UK Monthly Index. Rental values also continued to grow, rising by 0.3%, and total returns were 0.7% in May.

Retail capital values rose by 0.4% in May. This was driven by Retail Warehouses, where capital values increased by 0.7%. Shopping Centres also saw values rise for the second consecutive month, posting a small increase (0.1%). However, capital values for Standard Shops fell by 0.2%. Rental value growth for the Retail sector was stable at 0.2% and posted the highest month-on-month total return of all sectors with 1.0%.

Office capital values fell by 0.3% in May; however Central London reported the first month-on-month capital value increase since July 2022, rising by 0.1%. Outer London/M25 offices and Rest of UK offices both posted value declines, causing the overall sector level fall. Overall, office rental values increased by 0.2%. Rest of UK offices (0.3%) posted the highest increase, followed by Central London (0.2%). Total returns for the Office sector were again positive at 0.2% for the month.

Industrial capital values increased by 0.4% in May. Industrials in the South East (0.5%) posted marginally higher growth compared with Rest of UK Industrials (0.3%). Rental values increased by 0.4% over the month, and Industrials in the South East again saw stronger growth in rental values compared with Industrials in the Rest of the UK. The Industrial sector posted a month-on-month total return of 0.8% across May.

Jennet Siebrits, Head of UK Research, CBRE, said: "Continuing the momentum from April, the results of the

Monthly Index in May saw capital values at the all-property level rising for the first time since May 2023.

“Although at the sector level Offices continue to see capital values fall, the rate of decline has slowed, and Central London values saw a small increase month-on-month, the first since July 2022. This, coupled with successive months of capital value rises for the Retail and Industrial sectors, provides evidence that the market is near the trough of value declines. However, as transaction activity increases and further pricing discovery occurs, it is possible that some market segments will continue to see small and fragmented value declines.”